

STATE OF SOUTH CAROLINA

(Caption of Case)

In Re: Petition of South Carolina Electric & Gas
Company for Update for Updates and Revisions to
Schedules Related to the Construction of a
Nuclear Base Load Generation Facility at
Jenkinsville, South Carolina

226838
226839
BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2010 - 376 - E

(Please type or print)

Submitted by: Belton T. Zeigler

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☒ Other: Filing: Petition for Updates and Revisions to Schedules

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input checked="" type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



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November 15, 2010

VIA HAND DELIVERY

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Petition of South Carolina Electric & Gas Company for Updates and Revisions
to Schedules Related to the Construction of a Nuclear Base Load Generation
Facility at Jenkinsville, South Carolina
Docket No. 2010-376-E

Dear Ms. Boyd:

South Carolina Electric & Gas Company ("SCE&G" or "Company"), pursuant to S.C. Code Ann. § 58-33-270(E) (Supp. 2009) petitions the Public Service Commission of South Carolina (the "Commission") for an order approving an updated capital cost schedule for the construction of two 1,117 net megawatt nuclear units (the "Units") to be located at the V. C. Summer Nuclear Station site near Jenkinsville, South Carolina. SCE&G is also petitioning the Commission to enter a confidentiality order protecting certain commercially sensitive information from disclosure, as set forth below.

As you are aware, on August 9, 2010, the South Carolina Supreme Court (the "Supreme Court") issued its opinion in the matter of South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n, Op. No. 26856 (S.C. Sup. Ct. filed August 9, 2010) (Shearouse Adv. Sh. No. 31 at 117) (the "Opinion"). This case involved an appeal of the Public Service Commission of South Carolina's Order No. 2009-104(A) on the issue of whether the Base Load Review Act authorized the Commission to approve capital cost contingencies in the capital costs estimates for the Units. In that Opinion, the Court ruled that Contingency costs which had not been itemized or designated to specific cost categories were not permitted as part of approved capital cost schedules under the Base Load Review Act. The effect of this decision was to require the removal of \$438,291,000 in projected contingency costs from the capital cost schedules approved in Order No. 2009-104(A) and Order No. 2010-12. In its Opinion, the Supreme Court acknowledged that S.C. Code Ann. § 58-33-270(E) allows

SCE&G to petition the Commission to update the capital cost schedule for the Units as SCE&G identifies and itemizes specific items of cost.

In compliance with the Opinion, and in accordance with the provisions of S.C. Code Ann. § 58-33-270(E), SCE&G petitions the Commission for an order approving an updated capital cost schedule for the Units that reflects a) the removal of the contingency funds approved in Order No. 2009-104(A) and b) incorporates the specifically identified and reclassified costs as set forth in the petition.

As part of its petition, SCE&G is filing as an exhibit a redacted and unredacted copy of its restated and updated construction expenditures. Therefore, SCE&G is filing both a Public Version and a Confidential Version of its Request. In both versions the Company's restated and updated construction expenditures is designated as Exhibit 1. The Confidential Version Exhibit 1 of the filing contains confidential information related to the pricing and pricing terms of the Engineering, Procurement and Construction Agreement ("EPC Contract") between SCE&G and a consortium consisting of Westinghouse Electric Company, LLC and Stone & Webster, Inc. (collectively, "Contractor"). The EPC Contract contains confidentiality provisions that require SCE&G to protect proprietary information that the Contractor believes to constitute trade secrets and to be commercially sensitive. The Contractor has requested that SCE&G maintain the confidentiality of certain information contained in Exhibit 1. It is this confidential information that has been redacted from the Public Version of the exhibits.

In keeping with the Contractor's request and the terms of the EPC Contract, SCE&G respectfully requests that the Commission find that the Confidential Version of the petition contains protected information and issue a protective order barring the disclosure of Exhibit 1 of the petition under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law, except in its public form. Pursuant to 26 S.C. Code Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion. Such a ruling in this instance would be consistent with the Commission's prior rulings in Docket No. 2008-196-E and Docket No. 2009-211-E finding, among other things, the pricing and pricing terms of the EPC Contract to be confidential and issuing a protective order barring the disclosure of related information. *See* Commission Order Nos. 2008-467 and 2008-696, as amended by Order No. 2008-739, issued in Docket No. 2008-196-E; and Commission Order No. 2009-401 issued in Docket No. 2009-211-E.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, enclosed with this letter and attached to the petition is as follows:

1. A true and correct copy of the Confidential Version of the Request in a sealed envelope marked "CONFIDENTIAL." Each confidential page of the Confidential Version of the Request is also marked "CONFIDENTIAL."
2. One original and ten copies of a redacted Public Version of the Request for filing and public disclosure.

SCE&G respectfully requests, in the event that anyone should seek disclosure of the unredacted Confidential Version of the above-referenced documents, that the Commission notify SCE&G of such request and provide it and the Contractor with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Confidential Version of these documents from disclosure.

If you have any questions regarding these matters, please advise.

Very truly yours,



Belton T. Zeigler

BTZ/led
Enclosures

cc: Dukes Scott
John W. Flitter
Nanette S. Edwards, Esquire
Shannon Bowyer Hudson, Esquire
(all via hand delivery w/enclosures)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2010-376-E

In Re: Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina)))))	<u>PETITION FOR UPDATES AND REVISIONS TO CAPITAL COST SCHEDULES</u>	
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South Carolina Electric & Gas Company (“SCE&G” or the “Company”) hereby petitions the Public Service Commission of South Carolina (the “Commission”) for an order approving an updated capital cost schedule for the construction of two 1,117 net megawatt nuclear units (the “Units”) to be located at the V. C. Summer Nuclear Station site near Jenkinsville, South Carolina. This petition is filed pursuant to the provisions of the Base Load Review Act, S.C. Code Ann. § 58-33-270(E) (Supp. 2009) and in response to the opinion of the South Carolina Supreme Court in South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm’n, 388 S.C. 486, 697 S.E.2d 587 (2010) (the “Opinion”). In accordance with the provisions of the Base Load Review Act, S.C. Code Ann. § 58-33-270(E), SCE&G would respectfully show to the Commission the following:

1. SCE&G is a corporation duly organized and existing under the laws of the State of South Carolina, with its principal offices at 220 Operation Way, Cayce, South Carolina, 29033.
2. SCE&G is engaged in the business of generating, transmitting, and delivering electricity and providing electric service to the public for compensation. SCE&G owns and

operates an integrated electric utility system that serves over 652,000 customers in 24 counties in central and southern South Carolina.

3. Corporate legal counsel for SCE&G in this proceeding are as follows:

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Private legal counsel for SCE&G in this proceeding are as follows:

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All correspondence and any other matters relative to this proceeding should be addressed to these representatives.

4. In Docket No. 2008-196-E, SCE&G sought approval of a Combined Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity and for a Base Load Review Order for the Construction and Operation of a Nuclear Facility in Jenkinsville, South Carolina for the Units. Pursuant to S.C. Code Ann. § 58-33-250(2), SCE&G provided a schedule of the anticipated components of capital cost related to the construction of the Units which was attached to that application and identified as “Exhibit F.” In addition to showing the anticipated components of capital costs for the project, Exhibit F showed the costs

broken down into the seven cost categories contained in the Engineering, Procurement and Construction Agreement (the “EPC Contract”) for construction of the Units as well as owner’s costs and transmission costs.

5. Exhibit F contained SCE&G’s cost forecast showing that it could construct the Units for a total cost to SCE&G of approximately \$4.5 billion in 2007 dollars.¹ Of this amount, approximately \$438,291,000, or slightly less than 10%, represented contingency costs that SCE&G had estimated to be necessary to cover changes in its capital cost forecasts.

6. Following a full hearing on the Combined Application, the Commission issued Order No. 2009-104(A) in which it approved the approximately \$4.5 billion capital cost schedule for the Units.

7. The South Carolina Energy Users Committee (“SCEUC”) appealed Commission Order No. 2009-104(A) to the South Carolina Supreme Court.

8. In Docket No. 2009-293-E, SCE&G requested that the Commission approve updated construction milestones for the project and an updated capital cost schedule for the project. The updated capital cost schedule did not alter the total estimated capital cost for the Units of \$4.5 billion in 2007 dollars but changed the timing of certain costs.

9. In Order No. 2010-12, dated January 22, 2010, the Commission approved SCE&G’s request. Based on escalation indices current at the time, the \$4.5 billion approved capital cost schedule resulted in a total cost for SCE&G’s share of the Units of \$6.8 billion in escalated dollars.

10. On August 9, 2010, the Court issued its Opinion in the SCEUC’s appeal of Order No. 2009-104(A). In that Opinion, the Court ruled that Contingency costs which had not been itemized or designated to specific cost categories were not permitted as part of approved capital

¹ Unless otherwise noted, all amounts reflect SCE&G’s portion of the cost of the Units.

cost schedules under the Base Load Review Act. The effect of this decision was to require the removal of \$438,291,000 in projected contingency costs from the capital cost schedules approved in Order No. 2009-104(A) and Order No. 2010-12.

11. In its Opinion, the Supreme Court acknowledged that S.C. Code Ann. § 58-33-270(E) allows SCE&G to petition the Commission to update the capital cost schedule for the Units as SCE&G identifies and itemizes specific items of cost and reclassifies contingency costs to the approved capital cost schedule. The Court noted that “the General Assembly anticipated that construction costs could increase during the life of the project. Under section 58-33-270(E), SCE&G may petition the Commission for an order modifying rate designs.” South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm’n, 697 S.E.2d at 592.

12. SCE&G signed the EPC Contract with Westinghouse/Stone & Webster on May 23, 2008. Since that time, SCE&G has accelerated and expanded the staffing of its New Nuclear Deployment team. That team now includes a total of approximately 126 full-time employees to oversee the construction, licensing, and start-up of the Units and also to provide for recruiting, hiring and training of the initial staff to operate and maintain the Units.

13. SCE&G has also assembled a New Nuclear Deployment Finance team, now numbering approximately nine full-time professionals, to provide financial oversight for the project, to oversee and administer all budgets of the project and to ensure compliance by Westinghouse/Shaw with the pricing provisions and commercial terms of the EPC Contract.

14. As these teams have generated more detailed staffing, hiring and training plans for the project, they have continued to update and refine SCE&G’s forecasts of the cost of their efforts and the cost of the project.

15. On August 15, 2010, pursuant to S.C. Code Ann. § 58-33-277, SCE&G filed its quarterly report concerning construction of the Units for the second quarter of 2010 (the “Second Quarter 2010 Report.”) In that report, SCE&G identified and reclassified from contingency expenses approximately \$81.3 million in costs associated with construction of the Units. These reclassified costs included such things as the cost of a limited scope simulator to accelerate the training program for operators of the Units, the costs of upgrading the Parr Road which had experienced intensive use during the early stages of the project, costs associated with the recruitment, hiring and training of operating personnel for the Units, costs associated with an expanded team of accounting and auditing professionals to oversee and administer the pricing and commercial terms of the EPC Contract and the budget for the project, and other costs associated with the construction, permitting and licensing of the Units.

16. Since the date of the Second Quarter 2010 Report, SCE&G has entered into an agreement with Westinghouse/Shaw under which Westinghouse/Shaw will assume the price risk on an additional \$320 million of the cost of building the Units. This amount will now be classified under the fixed/firm categories of the EPC Contract and as a result, approximately two-thirds of the costs under the EPC Contract are now either fixed or firm subject to defined escalation rates. The cost charged by Westinghouse/Shaw for assuming the price risk associated with these additional budget items represents approximately \$10 million in capital costs. The other EPC Contract change orders to date have totaled \$1.5 million.

17. In addition, since compiling its Second Quarter 2010 Report, SCE&G has updated its assessment of the cost of certain transmission work that it will undertake in the Unit 1 switchyard to accommodate placing power from Units 2 and 3 onto the grid. This work is subject to the extensive engineering, testing, and documentation requirements that apply to

projects involving transmission facilities that supply off-site power to nuclear units licensed by the Nuclear Regulatory Commission and subject to the safety standards followed by the nuclear power industry. The Company has reclassified \$13 million in costs to reflect the cost of meeting these standards when netted against other changes in the forecast of transmission costs.

18. In addition, since the Opinion was filed, SCE&G has accelerated its review and updating of cost forecasts for the Units to identify and itemize specific costs related to construction of the Units so that they can be reclassified from contingency funds to designated cost projections to the greatest extent possible. This effort has included, among other things, additional work to itemize the costs associated with ensuring that an adequate number of fully trained personnel are recruited, hired and fully trained to undertake operations of the Units as they come into commercial operations, and a review of other items of owner's costs associated with the project. As a result, SCE&G has reclassified approximately \$114.6 million in Owner's Costs.

19. Accordingly in **Exhibit 1** attached to this filing, SCE&G is providing the Commission with an updated capital costs schedule for the Units that includes the following changes from the previously approved schedules:

- (a) The updated capital costs schedule removes the \$438,291,000 in contingency costs that were authorized in Order No. 2009-104(A).
- (b) The updated capital cost schedule includes designated and itemized capital costs that have been incurred or are now anticipated to be incurred since the issuance of Order No. 2009-104(A) (the "Reclassified Capital Costs"). The amount of Reclassified Capital Costs reflected in this filing is approximately \$174 million. These costs either have been incurred to date or are anticipated to be incurred before completion of the project in 2019.
- (c) The updated capital cost schedule reflects the most current schedule for incurring capital costs and reflects all timing changes related to the schedule for incurring capital costs that SCE&G has recognized since Order No. 2010-12.

20. As set forth in **Exhibit 1**, the updated capital cost schedule in 2007 dollars including the Reclassified Capital Costs referenced above but without contingencies is approximately \$4.3 billion, which is \$264 million less than the \$4.5 billion schedule with contingencies that the Commission approved in Orders No. 2009-104(A) and 2010-12.

21. For ease of reference, **Exhibit 2** provides information showing the variation between the capital cost schedule approved by the Commission in Order No. 2010-12 net of contingency funds and the capital cost schedule contained in **Exhibit 1**.

22. The updated capital cost schedule set forth in **Exhibit 1** also reflects the most current inflation indices applied as mandated by the Commission in Order No. 2009-104(A). The updated capital costs schedule in future dollars, including Allowance for Funds Used During Construction, is approximately \$5.8 billion which is approximately \$1 billion less than the similar forecast of costs and escalation reflected in Order No. 2010-12. This change is primarily due to changes in escalation which will vary from year to year. **Exhibit 3** provides a reconciliation showing the components of this \$1 billion reduction in forecasted cost as well as a comparison of the escalation rates reflected in Order No. 2010-12 to the escalation rates reflected in the current forecasts.

23. Pursuant to S.C. Code Ann. § 58-33-270(E), when a utility petitions for adjustments in the capital cost schedule for a project being constructed under the Base Load Review Act, the Commission “shall grant the relief requested if, after a hearing, the commission finds: (1) as to the changes in the schedules, estimates, findings, or conditions, that the evidence of record justifies a finding that the changes are not the result of imprudence on the part of the utility”

24. The Reclassified Capital Costs reflected in **Exhibit 1** are the result of normal and prudent revisions, changes and refinements in construction cost estimates which are to be expected for a project of this scope.

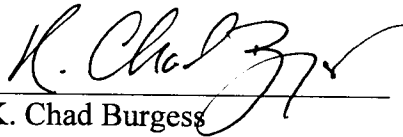
25. The capital cost schedule contained in **Exhibit 1** contains no contingencies or other provisions for the additional capital costs that may be identified and reclassified to specific items of cost in the future as construction of the Units proceeds. SCE&G reserves the right to update this schedule during the pendency of this proceeding as additional items of cost are identified and reclassified to specific items of cost.

26. The schedule contained in **Exhibit 4** to this petition contains an update of the schedule of anticipated revenue requirements and rate adjustments related to construction of the Units over the life of the construction project. This schedule removes the originally-forecasted \$438,291,000 contingency, includes the \$174 million in newly Reclassified Capital Costs submitted here, updates the cost projections for current escalation indices and current schedules under which costs are anticipated to be incurred. All other assumptions as to operating and fuel costs, federal production tax credits and other items remain the same. As compared to the projections current at the time that Order 2009-104(A) was issued, the average annual rate adjustment associated with construction of the Units has dropped from 2.49% to 2.18%, primarily due to changes in escalation rates.

27. SCE&G will continue to monitor and evaluate this schedule of capital costs as costs for the project become more clearly defined. To the extent future revisions or updating of **Exhibit 1** or other revisions under S.C. Code Ann. § 58-33-270(E) are required, SCE&G will propose such changes for review by the Commission, either through updating **Exhibit 1** during this proceeding or through other means.

WHEREFORE, South Carolina Electric & Gas Company respectfully requests that the Commission set the current matter for hearing and thereafter, pursuant to S.C. Code Ann. § 58-33-270(E), approve the updated capital cost schedule attached as **Exhibit 1**, as it may be amended during the pendency of this proceeding, as the operative schedule for construction of the Units under S.C. Code Ann. § 58-33-275(A), and other relief as may be appropriate.

Respectfully submitted,



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Attorneys for South Carolina Electric & Gas Company

Date: November 15, 2010.

LIST OF EXHIBITS

- EXHIBIT 1** – An updated capital cost schedule for the Units which if approved will replace Exhibit F of the original Combined Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity and for a Base Load Review Order for the Construction and Operation of a Nuclear Facility in Jenkinsville, South Carolina, as approved in Order No. 2009-104(A) and as updated in Order No. 2010-12.
- EXHIBIT 2** – A schedule showing the variation between the capital cost schedule approved by the Commission in Order No. 2010-12, net of contingency funds, and the capital cost schedule contained in **Exhibit 1**.
- EXHIBIT 3** – A schedule showing the reconciliation of the gross construction dollars shown in **Exhibit 1** to those approved by the Commission in Order No. 2010-12 which included contingency funds and their associated escalation and which reflected escalation rates current at the time that Order 2010-12 was issued.
- EXHIBIT 4** – An updated schedule of the anticipated revenue requirements and rate adjustments related to construction of the Units over the life of the construction project which incorporate the reclassifications of costs set forth in Exhibit 1 and 2 but otherwise reflects all assumptions as to fuel costs, production tax credits and other matter contained in South Carolina Electric & Gas Company's Request For Approval Of Revised Rates, Docket No. 2010-157-E.

Exhibit 1

RESTATED and UPDATED CONSTRUCTION EXPENDITURES

(Thousands of \$)

V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components

Actual through September 2010* plus
Projected

	Actual		Projected									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Plant Cost Categories												
Fixed with No Adjustment												
Firm with Fixed Adjustment A												
Firm with Fixed Adjustment B												
Firm with Indexed Adjustment												
Actual Craft Wages												
Non-Labor Costs												
Time & Materials												
Owners Costs												
Transmission Costs												
	321,591	26	724	2,604	5,532	7,775	12,095	29,822	35,236	43,035	73,678	111,064
Total Base Project Costs(2007 \$)	4,270,391	97,386	319,073	444,234	415,731	679,423	633,789	487,059	457,153	303,697	196,686	214,435
Total Project Escalation	1,265,317	3,519	20,930	30,363	61,535	152,883	193,691	184,263	199,753	160,816	114,024	143,540
Total Revised Project Cash Flow	5,535,708	100,905	340,003	474,597	477,265	832,306	827,479	671,323	656,906	464,514	310,711	357,975
Cumulative Project Cash Flow(Revised)	21,723	122,629	462,632	937,229	1,414,495	2,246,801	3,074,280	3,745,603	4,402,509	4,867,023	5,177,734	5,535,708
AFUDC(Capitalized Interest)	302,775	645	3,497	19,858	31,541	38,987	49,316	45,799	37,758	21,427	21,579	21,804
Gross Construction	5,838,483	22,368	104,403	494,456	508,806	871,293	876,795	717,122	694,665	485,941	332,289	379,779
Construction Work in Progress	22,368	126,771	477,338	971,794	1,480,600	2,351,893	3,228,688	3,945,810	4,640,474	5,126,415	5,458,704	5,838,483

*Applicable index escalation rates for 2010 are estimated. Escalation is subject to restatement when actual indices for 2010 are final.

Notes:
Current Period AFUDC rate applied 7.10%

Escalation rates vary from reporting period to reporting period according to the terms of Commission Order 2009-104(A). These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections. The AFUDC rate applied is the current SCE&G rate. AFUDC rates can vary with changes in market interest rates, SCE&G's embedded cost of capital, capitalization ratios, construction work in process, and SCE&G's short-term debt outstanding.

Exhibit 2

Change from SCPSC Order 2010-12 (As adjusted to remove Contingency Fund and Associated Escalation and AFUDC) (Thousands of \$)

V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components

Actual through September 2010* plus Projected

	Total	Actual		Projected									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Plant Cost Categories													
Fixed with No Adjustment	61,578	-	-	(38)	35,768	(7,911)	17,883	10,984	4,746	132	14	-	-
Firm with Fixed Adjustment A	-	-	-	-	-	(24,750)	24,750	550	(550)	-	-	-	-
Firm with Fixed Adjustment B	541	-	-	7,559	3,534	(7,594)	131	730	(520)	(873)	(798)	808	(2,435)
Firm with Indexed Adjustment	268,518	-	-	1,835	29,116	43,721	28,007	56,864	24,442	31,532	33,226	15,802	3,973
Actual Craft Wages	(50,035)	-	-	(3,273)	(8,697)	(14,549)	(8,870)	(8,006)	(7,027)	6,957	(5,431)	(1,250)	119
Non-Labor Costs	(264,669)	-	(8)	(13,945)	(28,674)	(37,790)	(26,703)	(57,038)	(40,553)	(13,604)	(32,830)	(11,158)	(2,336)
Time & Materials	427	-	(34)	(40)	134	-	-	-	58	340	(28)	-	(2)
Owners Costs	144,576	-	(26)	981	19,275	17,714	26,355	13,179	13,286	22,018	7,500	13,806	10,487
Transmission Costs	13,000	-	(1)	169	1,102	2,489	2,911	2,148	4,972	(2,207)	(416)	(8,061)	9,893
Total Re-Classified Costs(2007\$)**													
	173,936	-	(108)	(6,753)	51,557	(28,669)	64,464	19,411	(1,146)	44,296	1,238	9,947	19,699
Total Project Escalation	(542,631)	-	108	(1,758)	(29,885)	(36,898)	(48,507)	(71,952)	(79,559)	(61,368)	(79,905)	(60,205)	(72,703)
Total Revised Project Cash Flow	(368,695)	-	0	(8,511)	21,672	(65,567)	15,958	(52,541)	(80,705)	(17,072)	(78,667)	(50,257)	(53,004)
Cumulative Project Cash Flow(Revised)													
		-	0	(8,510)	13,161	(52,406)	(36,448)	(88,989)	(169,694)	(186,766)	(265,433)	(315,691)	(368,695)
AFUDC(Capitalized Interest)	19,053	-	-	(4,179)	(1,520)	6,210	6,103	7,719	4,832	2,698	(1,846)	1,497	(2,461)
Gross Construction	(349,642)	-	0	(12,689)	20,152	(59,357)	22,061	(44,823)	(75,873)	(14,374)	(80,514)	(48,760)	(55,465)
Construction Work in Progress		-	0	(12,689)	7,463	(51,895)	(29,834)	(74,656)	(150,529)	(164,903)	(245,417)	(294,177)	(349,642)

*Applicable index escalation rates for 2010 are estimated. Escalation is subject to restatement when actual indices for 2010 are final.
 ** These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections.
 .. These funds were re-classified from contingency funds to specific budget categories.

Exhibit 3

RECONCILIATION TO ORDER 2010-12 AND BLRA INDICES COMPARISON

RECONCILIATION TO ORDER 2010-12(Thousands of \$)

Revised Forecast Q3-2010	\$	5,838,483
Forecast Order 2010-12	\$	6,875,315
Change	\$	(1,036,832)
Reconciliation:		
Re-Classification of Contingency Dollars	\$	173,936
Removal of Original Contingency	\$	(438,291)
Removal of Original Contingency Escalation	\$	(216,882)
Change in Project Escalation	\$	(542,631)
Change in AFUDC	\$	(12,964)
Net	\$	(1,036,832)

BLRA ESCALATION INDICES COMPARISON

BLRA Indices	Order 2010-12 Escalation Rates	July 2010 Update Escalation Rates
HW All Steam Index:		
One Year Rate	4.83%	4.79%
Five Year Average	7.19%	5.31%
Ten Year Average	4.90%	4.53%
HW All Steam/Nuclear Index:		
One Year Rate	4.84%	4.60%
Five Year Average	7.20%	5.32%
Ten Year Average	4.90%	4.54%
HW All Transmission Plant Index		
One Year Rate	7.40%	5.08%
Five Year Average	8.60%	5.23%
Ten Year Average	5.50%	4.69%
GDP Chained Price Index		
One Year Rate	2.24%	0.43%
Five Year Average	2.86%	1.97%

Exhibit 4

Retail Rate Impact Projections (\$millions)

Retail Impact of Gross Revenue Required

96.19%

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Retail Margin Forecast(existing rates)	\$ 1,272	\$ 1,273	\$ 1,249	\$ 1,275	\$ 1,306	\$ 1,314	\$ 1,327	\$ 1,339	\$ 1,361	\$ 1,389	\$ 1,419	\$ 1,450	\$ 1,482	\$ 1,509	
Base Retail Fuel Costs @ Current Rates	\$ 803	\$ 798	\$ 766	\$ 790	\$ 807	\$ 811	\$ 820	\$ 824	\$ 834	\$ 846	\$ 857	\$ 869	\$ 881	\$ 898	
Nuclear Fuel Cost Adjustment										\$ (123)	\$ (123)	\$ (123)	\$ (255)	\$ (255)	
Production Tax Credits Applied to Fuel Costs															
Net Fuel Costs	\$ 803	\$ 798	\$ 766	\$ 790	\$ 807	\$ 811	\$ 820	\$ 824	\$ 834	\$ 598	\$ 633	\$ 681	\$ 527	\$ 544	
Total Base Revenues	\$ 2,075	\$ 2,072	\$ 2,015	\$ 2,064	\$ 2,113	\$ 2,125	\$ 2,147	\$ 2,163	\$ 2,194	\$ 1,988	\$ 2,052	\$ 2,131	\$ 2,010	\$ 2,053	
Incremental Revenue Requirements-BLRA	\$ -	\$ 7.8	\$ 22.5	\$ 47.3	\$ 66.8	\$ 82.3	\$ 102.4	\$ 99.1	\$ 82.4	\$ 248.1	\$ 46.0	\$ 64.2	\$ 148.8	\$ -	
Cumulative Revenue Requirements-BLRA	\$ -	\$ 7.8	\$ 30.3	\$ 77.6	\$ 144.4	\$ 226.7	\$ 329.1	\$ 428.2	\$ 510.5	\$ 758.7	\$ 804.7	\$ 868.8	\$ 1,017.7	\$ 1,017.7	
Gross Revenue	\$ 2,075	\$ 2,079	\$ 2,045	\$ 2,142	\$ 2,257	\$ 2,352	\$ 2,476	\$ 2,591	\$ 2,705	\$ 2,747	\$ 2,857	\$ 3,000	\$ 3,027	\$ 3,071	
Retail Sales	22,150	22,014	21,120	21,783	22,256	22,379	22,602	22,732	22,994	23,328	23,646	23,961	24,289	24,754	
\$/KWH	\$ 0.0937	\$ 0.0945	\$ 0.0968	\$ 0.0983	\$ 0.1014	\$ 0.1051	\$ 0.1095	\$ 0.1140	\$ 0.1176	\$ 0.1177	\$ 0.1208	\$ 0.1252	\$ 0.1246	\$ 0.1240	
Annual Rate Change		0.4%	1.1%	2.3%	3.2%	3.6%	4.2%	4.1%	3.2%	0.1%	2.6%	3.6%	-0.5%	-0.5%	2.18%
As Projected in May 30, 2010 Revised Rates Filing		0.4%	1.1%	2.7%	3.1%	3.9%	4.4%	4.4%	3.5%	0.0%	2.7%	3.8%	0.2%	-0.5%	2.34%
As Projected in Original 2008 BLRA Filing		0.49%	2.8%	2.8%	3.8%	3.5%	4.0%	3.7%	2.8%	1.4%	2.0%	3.4%	1.1%	-0.5%	2.49%

Incremental revenue requirements in 2016 and 2019 include projected in-service costs.

The forecasts listed here are indicative of the rate impacts that may be expected from construction and operation of VCSNS Units 2 & 3 on a stand-alone basis. These forecasts do not reflect overall rate changes during the period, which may include changes in such things as fuel costs, and base rates. In addition, actual rate impacts from the Units will vary based on such things as the actual rates of growth in customers and demand during the period, changes in SCE&G's cost of capital, changes in the amount and timing of investment in the Units, changes in in-service expenses, and other factors. Fuel cost savings associated with nuclear generation will vary according to the cost of alternative fuels and nuclear fuels. Savings associated with production tax credits may vary according to the number of qualifying units, the timing of their completion, and changes in the Federal tax program. For comparative purposes, the analysis reflected here is based on the same assumptions, except as to capital costs and associated in-service costs, as the comparable analysis filed in the 2010 revised rates proceeding, Docket No. 2010-157-E.